

HB854 Statewide Housing Study

Program Fact Sheet

Acquire, Renovate, Sell (ARS)

Department of Housing and Community Development

Note: This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:

[Link to program website](#)

01 Program goals

The purpose of the program is to create affordable homeownership opportunities for low- to moderate-income (LMI), first-time homebuyers while allowing providers increased discretion over acquisition type, region, and resale.

02 Funding sources

The program is funded by Virginia Housing (VH). No federal or state dollars are used.

03 Governance

The implementation of ARS requires synchronized efforts between DHCD and VH. The two organizations have signed an MOU in recognition of each party's responsibilities. DHCD administers the ARS program, which includes oversight, training, technical assistance, fiscal management, and reporting. Virginia Housing supports the program financially. Through regular compliance monitoring, the ARS program manager (DHCD) ensures that activities are executed within program guidelines.

ARS has a low-barrier application process that is open for localities, nonprofits, housing authorities, and planning district commissions in Virginia. Once

the application is successfully reviewed, the grantee has access to a performance pool with an initial project budget of \$250,000 per grantee. If a grantee wants to go above the initial budget, the budget is augmented from the performance pool. The funding is first come, first served. It allows the grantees the flexibility to rehab and sell as many homes as they want.

04 Population served

Towns, cities, and localities are served in bringing previously undervalued homes back on the tax rolls. A lot of these properties are underutilized or abandoned and this program provides the opportunity to rehab or build a home for a first time home buyer who has a low or moderate income.

Local contractors and construction companies are served by obtaining contracts to rehab homes.

Grantees are served by receiving an interest-free loan of \$40,500 per home to rehab or build undervalued properties. The loan is repaid after the home is sold so there is no requirement to repay the loan if the home has not been sold yet. Grantees also get to keep program deliverables amounting to \$4,500 per house and the profits from the sale.

People with low and moderate incomes are served because they have an opportunity to become homeowners. An ARS house must be marketed to a first-time home buyer who makes less than 80% of the area median income within the first 60 days it is on the market.

ARS allows the use of the HUD 80% AMI limits or Virginia Housing income limits, whichever is higher. We put both in place, as some of the leveraged programs that our ARS Providers are limited to 80% AMI or less. This allows the Provider to use the HUD AMI chart (if the family is 80% or below) to provide to the leveraged party so the homebuyer is eligible.

05 How program works

After a successful application and an award letter stating that the grantee is an ARS provider with access to a performance pool, the grantee can acquire undervalued properties that have or had a habitable structure on it within the last 100 years. They can do new construction or renovate a home with the interest-free loan with a maximum of \$40,500 per house. The grantee sells this home to a first-time home buyer who has low or moderate income and repays the construction loan. The grantee gets to keep the \$4,500 program deliverables per house and the profit. The ARS contract asks grantees to use profits to increase general affordable housing efforts in their service area.

06 Program history

The ARS program began in 2018.

07 Program highlights

The ARS program was developed in 2018 but implemented in 2019. As such, the program has only made awards for a single program year. This leaves very little data from which to analyze the impact of the program thus far, as many properties are still in the renovation phase and have yet to be sold.

Current grantees are located throughout the Commonwealth in both rural and urban areas. The current slate of awardees will result in 27 housing units, the majority of which are single-family detached homes.

ARS Round 1 (started in 2018 with 4 applicants) - project budgets as of 6/21/21

- Catholics for Housing - \$450,000
- Chesapeake Redevelopment and Housing Authority - \$360,000
- Habitat for Humanity Virginia - \$675,000

- Hampton Redevelopment and Housing Authority - \$495,000

ARS Round 2 (started in 2019 with 11 applicants) - project budgets as of 6/21/21

- Henrico County - \$225,000
- Habitat for Humanity Virginia - \$225,000
- Hampton Redevelopment and Housing Authority - \$225,000
- Helping Overcome Poverty's Existence, Inc. (HOPE) - \$225,000
- HomeNet Homeownership Center (Norfolk RHA) - \$360,000
- James City County - \$225,000
- Little Ten, Inc. - \$225,000
- New Road Community Development Group, Inc. - \$225,000
- Southeast Rural Community Assistance Project, Inc. (SERCAP) - \$225,000
- Southside Outreach Group - \$225,000
- Suffolk Redevelopment and Housing Authority - \$225,000
- Maggie Walker Community Land Trust - \$675,000
- Total Action Against Poverty (TAP) - \$225,000